

Message Text

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TAGS: EFIN, CM

SUBJECT: COCOA PROCESSING

REF: A) STATE 152610; B) 135509

1. SUMMARY: LOCAL FRENCH FIRM ARRANGING TO TAKE OVER JAPANESE MANAGEMENT SOCACAO. BASIC PROBLEM LOW QUALITY COCOA ALSO RESOLVED. BEST US INVESTMENT PROSPECT IS NEW COCOA BUTTER PLANT OUTLINED THIRD PLAN. TRANSFORMER WOULD HAVE TO BUILD OWN WAREHOUSES BUT BUILDING MATERIALS IN GOOD SUPPLY. REPLY TO QUESTIONS RAISED REFTEL B FOLLOWS.

2. JAPANESE FIRMS HAVE REACHED AGREEMENT WITH GURC AND SOCIETE INDUSTRIELLE DES CACAOS (SIC), OWNED BY CACAO BARRY (FRANCE), UNDER WHICH LATTER WILL TAKE OVER MANAGEMENT SOCACAO BEFORE SEPTEMBER PRODUCTION SEASON. JAPANESE INTERESTS ANTICIPATE RETAINING ABOUT TWENTY PERCENT EQUITY BUT CACAO BARRY WILL ACCEPT REMAINDER JAPANESE EQUITY AND MANAGEMENT.

3. SOCACAO DIRECTOR GENERAL, AKIRA YOSHIMURA, SAID MAIN PROBLEM JAPANESE MANAGEMENT ENCOUNTERED STEMMED FROM AGREEMENT WITH GURC THAT FIRM ACCEPT ONLY LOWEST QUALITY COCOA BEANS (HOR STANDARD), WHICH RENDERED COCOA BUTTER HIGH IN UNDESIRABLE FREE FATTY ACID. CONSEQUENTLY COCOA BUTTER WAS NOT REPEAT NOT COMPETITIVE JAPANESE MARKET AND MOST PRODUCTION SOLD HOLLAND AT LOWER PRICE. COCOA CAKE AND LIQUID ARE NOT RPT NOT AFFECTED BY THIS PROBLEM, HE NOTED. ALSO BUHL (BOEHL)

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PROCESSING MACHINERY PURCHASED FROM SWITZERLAND MORE ELABORATE

THAN NECESSARY FOR LOW QUALITY BEANS, RAISING OVERHEAD COSTS AND CAUSING MAINTENANCE PROBLEMS SUCH AS PNEUMATIC TUBES CLOGGING WITH HARDENED BEANS. YOSHIMURA CLAIMS FIRM HAS NEVER MADE PROFIT SINCE 1968 ESTABLISHMENT.

4. NEW ARRANGEMENT WITH SIC ALLOWS UTILIZATION OF PROPORTION FIRST AND SECOND QUALITY BEANS AND HOPEFULLY WILL RESOLVE PROBLEM FOR COCOA BUTTER.

5. JAPANESE MANAGEMENT AND GURC OFFICIALS GIVE IMPRESSION SOCACAO MANAGEMENT AND EQUITY PROBLEMS NOW SATISFACTORILY RESOLVED WITH CACAO BARRY AGREEMENT. BOTH DIRECTOR OF INDUSTRY AND DIRECTOR OF BASIC COMMODITIES IN MINISTRY OF INDUSTRIAL AND COMMERCIAL DEVELOPMENT SAID GURC WOULD WELCOME US INVESTMENT IN COCOA TRANSFORMATION BUT SEEMED HESITATE TO TIE SUCH PARTICIPATION TO SOCACAO. ORIGINAL APPROACH TO EMBASSY RE PARTICIPATION IN SOCACAO MADE BY FORMER WORKS MANAGER WHO GAVE ERRONEOUS IMPRESSION HE REPRESENTED GURC INTERESTS. IT LATER TURNED OUT HE WAS MERELY LOOKING FOR EMPLOYMENT.

6. DIRECTOR OF BASIC COMMODITIES MENTIONED RECEIVING LETTER FROM UNSPECIFIED AMERICAN CHOCOLATE MANUFACTURER INQUIRING ABOUT LOCAL INVESTMENT PROSPECTS. DIRECTOR INDICATED HE WOULD REPLY SHORTLY, ALTHOUGH IT SHOULD BE NOTED THAT HE HAS BEEN IN POSITION LESS THAN ONE MONTH AND IS ONLY LEARNING ROPES.

7. EMBASSY THINKS BETTER INVESTMENT PROSPECT WOULD BE SETTING UP NEW COCOA TRANSFORMATION FACILITY. THIRD FIVE YEAR PLAN CONTEMPLATES 10,500 M. TON COCOA BUTTER PROJECT UTILIZING 25,000 TONS BEANS ANNUALLY IN ADDITION TO PRESENT TRANSFORMING CAPACITY OF 12,000 TONS FOR SIC AND 2,400 TONS FOR SOCACAO USING MAXIMUM OF 41,000 TONS BEANS YEARLY.

8. ACCORDING YOSHIMURA SOME OF THE PROBLEMS FACED BY SOCACAO CAN PROBABLY BE MORE EASILY OVERCOME NOW BECAUSE ANNUAL COCOA BEAN PRODUCTION PEAKED AT 124,000 TONS IN 1971 AND HAS REMAINED AROUND 110,000 TONS SINCE. THIS NECESSITATES ALLOCATING A LARGER SHARE OF HIGHER GRADE BEANS TO LOCAL INTERMEDIATE STATE TRANSFORMATION. FINISHED PRODUCT TRANSFORMERS SUCH AS CHOCOCAM LIMITED OFFICIAL USE

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HAVE ALWAYS HAD ACCESS TO BETTER QUALITY BEANS. BY OFFICIAL FIGURES HORS STANDART ACCOUNTED FOR 11 PERCENT OF 1972/73 CROP, ALTHOUGH THIS MAY ACTUALLY BE AS HIGH AS 30 PERCENT. EXPORTERS AND SELLERS USUALLY REGRADE AND BAG BEANS SO QUALITY FIGURES CAN DIFFER CONSIDERABLY BETWEEN GROWER AND USER. IN ANY EVENT NEW SIC-SOCACAO PRECEDENT ESTABLISHED GOOD CASE FOR UPGRADED QUALITY FOR NEW TRANSFORMERS.

9. CLAY BRICK PLANT YAOUNDE CLOSED RECENTLY BECAUSE STANDARD BECAME UNACCEPTABLE. HOWEVER, NO LACK BUILDING MATERIAL APPARENT AND CEMENT CLINKER PLANT DOUALA EXPECTED TO DOUBLE CAPACITY BY END 1974.

10. COCOA PROCESSORS BUILD OWN WAREHOUSES. DEHUMIDIFYING AND TEMPERATURE EQUIPMENT KEPT TO MINIMUM BUT BUILDING CONSTRUCTION PERMITS MAXIMUM AIR FLOW NEAR ROOF WITH LONG EAVE OVERHANG TO PREVENT RAIN FROM BLOWING IN. BAGS ARE STACKED ON STANDARD WOODEN PALLETS TO ALLOW AIR TO CIRCULATE UNDERNEATH. PRIMITIVE PRODUCER DRYING METHODS REQUIRE INSTALLATION OF MECHANICAL DRIERS. SOCACAO HAS TWO OIL FEED DRIERS: ONE ENCLOSED MACHINE FOR BEANS, ANOTHER LARGE GRILL APPARATUS ON WHICH BAGGED BEANS CAN BE PLACED.
MOORE

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